**ITEM NO. 04 (E-02)**

1. **Subject: -** Approval of the Rate Contract for procurement of Allopathic Medicines to the presently empanelled firms valid upto 17.06.2013 from the date of Council Resolution.
2. **Name of the department:-** Medical Department
3. **Brief History of the Subject: -** Medical care through its hospitals, dispensaries and MCWCs is an obligatory function of the Council under section 11 of NDMC Act 1994. All basic and essential medicines required by these institutions for the treatment of patients are provided free by NDMC. A sum of Rs.300 lakhs has been allocated under head of account 34.230.80.47 in the budgetary estimates for the year 2012-13 for this purpose.

 The department registers firms for five years based on pre-qualification criterian. At present there are 45 firms empanelled with NDMC which were empanelled vide council’s resolution no. 22 (E-5) dated: 18.06.2008 **(Annexure ‘A’ See pages 18 - 21).** The validity of these empanelled firms is for five years and shall expire on 17.06.2013. The orders are placed every quarter (or in between if the need so arises) to the firm approved for the specified drug at a rate approved in the rate contract, strictly following the inventory management instruction as resolved by the council resolution no.26(E-6) dated: 19.12.2007 **(Annexure ‘B’ See pages 22-23)**. Supply orders to the present empanelled firms shall only be placed before the end of their validity i.e., 17.06.2013 and no orders will be placed thereafter to these firms. Meanwhile efforts will be made to empanel the new firms for subsequent years by the end of April, 2013.

1. **Detailed Proposal on the Subject/Project: -** Administrative Approval and Expenditure Sanction amounting to Rs.300 lac was accorded by the Council vide Reso. No. 16(E-01) dated 26.04.2012 **(Annexure ‘C’ See pages 24 - 25)** for procurement of Allopathic Medicines for the year 2012-13. This sanction includes the expenditure to be incurred on routine and emergent requirement as well as the indent purchased from the Kendriya Bhandar for the exclusive benefit of NDMC employees and their dependents.

 Sealed tenders through e-procurement system in respect of the drugs finalized by the purchase sub committee were invited from the empanelled firms as per the drug procurement policy of NDMC. Thirty two out of the forty five firms empanelled with NDMC participated in the tender process. A comparative statement of the rates quoted for each and every salt/preparation by these participating firms was drawn up and the firm which quoted the lowest (L1) rate for the particular salt/preparation has been recommended for approval. The said rate contract will be valid for a period of 12 months from the date of council’s approval **(Annexure D see pages 26 - 40.**

1. **Financial Implications of the Proposed Project: -** Rs.300 Lacs.
2. **Implementation Schedule: -** The rate contract will come into effect from the date of council’s approval. The supplies are calculated based on rate of consumption of different salts/preparations in the previous quarter and the stock position at hand and will be indented every quarter by placing supply order with the approved firm for the specified salt/preparation under the rate contract.
3. **Comments of the Finance Department on the Subject:** - Concurred vide no.2224/Director Finance/D/2012 dated 7.11.2012.
4. **Comments of the Department on Comments of Finance: -** Nil.
5. **Legal Implications of the Subject: -** NIL.
6. **Details of Previous Council Resolution, Existing Law of Parliament and Assembly on the Subject: -**
7. Resolution No.22 (E-5) dated 18.06.2008 regarding empanelment of firms.
8. Resolution No.26 (E-6) dated 19.12.2007 role of Finance and user department as defined by Council.
9. **Comments of the Law Department of the Subject/Project: -** NIL.
10. **Comments of the Department on the Comments of the Law Department: -** NIL.
11. **Certification by the Department that All Central Vigilance Commission (CVC) Guidelines have been followed while processing the case: -** It is certified that all the CVC guidelines have been followed.
12. **Recommendations: -**
13. Approval of annual rate contract of Allopathic Medicines to the already empanelled firms as proposed in **Annexure ‘D’ (See pages 26 - 40)** for a period upto 17.06.2013 from the date of Council Resolution.

**COUNCIL’S DECISION**

Resolved by the Council to accord approval to the annual rate contract of Allopathic Medicines to the already empanelled firms as proposed in Annexure ‘D’ of the agenda item, for a period upto 17.06.2013. It was further directed that action for empanelment of firms from 18.06.2013 may be taken up in time so as to complete the process well before 17.06.2013.

**ANNEXURE - A**

**ITEM NO. 22 (E-5)/18.06.2008**

**1. Name of the subject / project.**

Empanelment of manufacturing firms for the procurement of allopathic medicines for the next five years w.e.f. 2008-09.

**2. Name of the Department / Departments concerned.**

Health (Medical ) Wing.

**3. Brief history of the subject/project.**

The Council vide its resolution No. OM(3)-xxxi) MOH dated 25.09.2001 adopted a policy of empanelment of firms engaged in the manufacturing of allopathic medicines for a period of five years fulfilling prescribed pre-qualifying criteria. This policy was implemented with effect from the year 2001-02.

One Dr. Sangeeta Sharma, Addl. Professor of Pharmacology at IHBAS was appointed as consultant by the NDMC in 2006 to review the then system of procurement of allopathic medicines in NDMC and on her advise, the eligibility criteria for empanelment and the basis of their classification into A, B, C categories were revised. The revised parameters are :

1. For empanelment of firms
2. The firm should have their own manufacturing facilities, tolling of all type is forbidden.
3. The annual turn over rate of the allopathic medicines should be Rs. 35.0 crores or mores during the last three years along with authentic/certified proof of allopathic medicines turn over. Annual allopathic turn over will only be considered.
4. The firm should possess a valid GMP certificate as per schedule ‘M’ of the Drug & Cosmetic Act and should also have a WHO GMP/ISO-9001 and 9002 certificate.
5. Having no pending Income Tax liability.
6. Three years experience of supply of medicines to the Govt. Hospital/Institutions.
7. Adequate facilities for quality control.
8. No conviction or pending conviction certificate.
9. Certificate regarding the firms that the firm has not been blacklisted at any time by the Govt. Agencies.
10. The firm should be in the manufacturing business of the allopathic medicines for the last ten years ( Enclose documents in support of Claim)
11. For categorization of empanelled firms :

Category A. Annual turn over of Rs. 125.0 crores or more.

Category B. Annual turn over between Rs. 75.0 crores and Rs. 124.99 crores.

Category C. Annual turn over between Rs. 35.0 crores and Rs. 74.99 crores.

**4. Detailed proposal of the subject/project.**

A total of 73 firms responded to the department’s advertisement for empanelment in the Press and NDMC website. M/s. Intas Pharmaceuticals Limited and Biological E. Limited had submitted two separate offers each for their empanelment and the same were subsequently withdrawn by the said firms. Hence, 4 applications submitted on behalf of above mentioned firms were rejected as withdrawn.

In addition to the rejection of above said four applications, the offer of the following 24 firms were also rejected as they failed to fulfill the various mandatory pre-qualifying eligibility criteria prescribed under the rules. The details have been tabulated below :

|  |  |  |
| --- | --- | --- |
| **S. No.** | **Name of Company** | **Reason for not selection** |
| 1/1 | M/s UCB India Pvt. Ltd. | Not manufacturer only tolling |
| 2/4 | M/s Pharma Link | -Do- |
| 3/6 | M/s Micro Lab Ltd. | The proof in respect of ITC, Balance sheet, Experience of govt. Supply, Quality control facility has not submitted. The firms like others was provided with an opportunity to substantiate its claims but the representative of the firms reported only after the meeting of the subcommittee was over and the members had dispersed.  |
| 4/7 | M/s Full Ford India Ltd. | Not a manufacturer but only tolling |
| 5/11 | M/s Denis Chemicals Lab Ltd. | Turn over is less then Rs. 35 Crore per annum  |
| 6/23 | M/s United Biotech | Lacks in 10 years mandatory experience in manufacturing. Started manufacturing only in 2006  |
| 7/25 | M/s Concept Pharmaceuticals | As per our records the company is a habitual defaulter in completing supplies in time. Also seeks frequent canceling of orders on lame excuses.  |
| 8/26 | M/s Rhyddburg Pharmaceuticals | Has been debarred this time because of a failure of a drugs sample in test checking. |
| 9/27 | M/s Medlay Pharmaceuticals | Not fulfill the criteria of manufacturing for last 10 years |
| 10/29 | M/s Eli- Lily | Tolling only. |
| 11/47 | Emcure Pharmaceuticals | Lacks in mandatory 10 years manufacturing experience.  |
| 12/48 | M/s Furrts India Laboratories | Neither documentary proof in respect of ITCC and 3 years experience in Govt. supply enclosed nor any representative attended the meeting despite written request. |
| 13/49 | M/s Systopic Laboratories | Tolling only |
| 14/50 | M/s Tuksal | Tolling only |
| 15/51 | M/s Claris Life Science | Lacks in mandatory 10 years manufacturing experience.  |
| 16/52 | M/s Themis Medicare | -Do- |
| 17/53 | M/s Omega Biotech | -Do- |
| 18/54 | M/s Nova Nordisk | Tolling only |
| 19/55 | M/s Bio Cion Ltd. | Not fulfill the criteria of manufacturing for last 10 years |
| 20/61 | M/s Solvay Pharma | Not fulfill the criteria of manufacturing for last 10 years |
| 21/64 | M/s Serdia Pharmaceuticals | Tolling |
| 22/66 | M/s Parental Drugs Ltd. | As per our records the company is a habitual defaulter in completing supplies in time. Also seeks frequent canceling of orders on lame excuses. |
| 23/70 | M/s Bharat Serum | Neither documentary proof in respect of 3 years experience in Govt. supply enclosed nor any representative attended the meeting despite written request. |
| 24/49 | M/s Jagson Pal Pharmaceuticals  | Lacks in mandatory 10 years manufacturing experience.  |

The successful applicants were grouped into categories 1,2 and 3 based on their annual turn over during the last three years. A comprehensive list is placed at **Annexure-A**.

**5. Financial implications of the proposed project/subject**.

The said project does not have any direct financial implication at present, but the firms proposed for empanelment for a period of 5 years will only be eligible to participate and compete in the annual tenders for finalization of the annual rate contract for procurement of allopathic medicines. A sum of Rs. 225.0 lacs have been allocated for this purpose in the budgetary proposals for the year 2008-09.

**6. Implementation schedule with timeliness for each stage including internal process.**

The firms will be empanelled for a period of 5 years. The tenders will be floated annually and the approved rate contract will be valid for a period of one year from the date of agreement. The supply orders will be placed quarterly and the supplies are required to be completed within a period of one month.

**7. Comments of the Finance Department on the subject/project with Diary Number.**

The Finance vide diary No. 1481 dated 11.06.08 has observed :

We have no objection to the department’s proposal for registration of 45 companies as listed at page 10 & 11/N for registration with NDMC for a period of 5 years w.e.f. 2008-09 for the supply of allopathic medicines subject to approval of the Competent Authority.

Further as we observe, Chairman vide minutes dated 9.4.2008 recorded at page 6/N had sought advice on the need of involving some outside expert also in the sub committee proposed for scrutinizing applications. Subsequent to this, the case was not placed before him. The proposed Sub Committee, thus, cannot be deemed to have been finally approved. Now that all the applications received stand scrutinized and recommendaion made by the proposed sub committee along with Shri Mukesh Bhatt Member of NDMC, we advice the department to obtain ex-post facto approval of the Chairman to the constitution of sub committee by giving reasons before placing the case for approval of the Council.

**8. Comments of the Department on the comments of Finance Deptt.**

The eligibility criteria for selection of firms were finalized in 2007 in consultation with an outside expert in the field of Pharmacology. The applications for empanelment were scrutinized under the stewardship of Hon’ble Member of the Council in the true letter and spirit of the Council directions in its resolution No. 26 (E-6) dated 19.12.2007. It was directed therein that Shri Mukesh Bhatt, Hon’ble Member, NDMC should be the member of the Drug Procurement Sub Committee. The ex-post facto approval of the competent authority, as advised, has been taken.

**9. Legal implications of the subject/project.**

Nil

**10. Details of the previous Council Resolutions.**

Resolution No. OM(3)-xxxi) MOH dated 25.09.2001

Resolution No. 26 (E-6) dated 19.12.2007.

**11. Comments of the Law Department on the subject/project.**

Nil.

**12. Comments of the dept. on the comments of the Law Dept.**

Nil.

**13. Resolution** :

The proposal is laid before the Council for the approval of the firms mentioned in **Annexure-A** for the empanelment in NDMC for the procurement of allopathic medicines for a period of five years w.e.f. 2008-09.

**COUNCIL’S DECISION**

 Resolved by the Council that the firms mentioned in Annexure ‘A’ are approved for Empanelment for the procurement of Allopathic Medicines in NDMC for a period of five years w.e.f. 2008-2009, noting that the word ‘Nicholas Piramal’ at Sr. No. 16 of Annexure ‘A’ of the preamble, are substituted by the word Indswift Ltd.

**ANNEXURE -B**

**ITEM NO. 26 (E-6)/19.12.2007**

1. **Name of the Subject / Project.**

Policy regarding role of Finance and Medical Departments for the concurrence of preliminary estimates for the procurement of medical consumables.

1. **Name of the department**

Health (Medical Sector )

1. **Brief history of the subject/project.**

At present the quantities of various medical consumables projected by the department for the calculation of preliminary estimates for procurement are subject matter of review by the Finance Department. In the event of divergence of opinion between the departments over the quantities projected in the preliminary estimates, its resolution often takes substantial time which in turn results in delays in procurement. It has necessitated review of the existing system for seeking concurrence of preliminary estimates.

1. **Detailed proposal of the subject.**

During the delebrations on the expenditure sanction for the procurement of allopathic medicines in the Council meeting dated 17.10.07, it emerged that assignment of definite roles to the various departments involved in the process of procurement of medical consumables shall expedite the process of finalization of the proposals. Accordingly, the following definite roles have been proposed for these departments to avoid over-lapping of functions :

**A. Role of the Finance Department for the concurrence of the preliminary estimates and approval of the rate contract.**

1. Monitoring of budget allocations so that the expenditure does not exceed the sanctioned allocations.
2. To ensure that the proposed expenditure is for the purpose for which the funds are allocated.
3. That all codal requirements proposed in the General Financial Rules to ensure total transparency, competitiveness, fairness and elimination of arbitrariness in the process of procurement have been observed.
4. Enforcement of efficiency, economy and accountability in the procurement system.
5. That the proper care was taken in the evaluation, selection, ranking the responsive bids and selection of the successful bidder for placing of contract.

**B. Role of the Medical Department.**

1. Determination of the quantities of the consumables based on fair and justifiable grounds.
2. Proper Inventory Management to avoid over-stocking or short falls.
3. To ensure that there is no wastage of municipal funds on account of mis-use or expiry of supplies or on account of inventory carrying cost due to over-stocking.

**5. Financial implications for the proposed subject.**

Nil

**6. Implementation schedule with time limit for leach stage including internal processing.**

N.A.

**7. Comments of the Finance Department on the subject.**

In the matters of concurrence for quantities and estimated cost, a substantive decision needs to be taken, formulating a policy spelling out the specific point of reference.

**8. Comments of the Department on comments of finance dettt.**

None.

**9. Legal implications of the subject/project.**

Nil

**10. Details of previous Council Resolutions./Existing Law of Parliament and Assembly on the subject.**

None.

**11. Comments of the Law Department on the subject.**

Nil.

**12. Comments of the Deptt on the comments of the Law Deptt.**

**None.**

**13. Recommendations :**

The policy formulated in para 5 is noted to Council for information and adoption.

**COUNCIL’S DECISION**

The policy regarding procurement of Medical consumables as enumerated in para 4 (A) & (B) was noted by the Council.

It was further resolved by the Council that Sh. Mukesh Bhatt, Member of the Council may be associated by the Deptt. in the procurement process.

**ANNEXURE - C**

**ITEM NO. 16 (E-01)/26.04.2012**

1. **Name of the Subject/Project:**

Administrative Approval and expenditure sanction of Rs.300 Lacs for procurement of Allopathic Medicines for the year 2012-13.

1. **Name of the Department/Departments concerned:**

Health, (Medical Sector)

1. **Brief History of the subject/Project:**

NDMC provides medical care including medicines to masses free of cost. A sum of Rs.300 Lacs has been allocated under Head of A/C 230/80/47 in the budgetary proposal for the year 2012-13 for the procurement of Allopathic Medicines. A sum of Rs.299.98 Lacs out of the allocated amount of Rs.300 Lacs was spent on the purchase of Allopathic Medicines during the year 2011-12. The medicines are procured from

* 1. The firms at the rates approved under the Rate Contract by placing supply orders every quarter.
	2. Kendriya Bhandar especially medicines required by the employees and their dependents which are not in stock in the Central Medical Store.
	3. The open market by calling short terms quotations specially the life saving vital drugs required in emergent cases but are neither under the rate contract nor are available with the firms registered with NDMC.
1. **Detailed proposal on the subject/project.**

The Council vide its resolution no.10(E-03) dt. 13.9.2011 **(Annexure-I)** had approved the Rate Contract for the purchase of Allopathic Medicines for a period of one year from the date of execution of agreement. The said rate contract is valid till 12.9.2012. Accordingly, the department is likely to place first quarterly supply orders before the expiry of existing Rate Contract. In addition department will have to make local purchase of medicines up to Rs.2 lacs per month to discharge its obligations of medical care towards its employees. The consumption of various medicines during the year 2011-12 along with stock position as on 1.4.2012 has been documented in **(Annexure-II)**

Logistic Management is the function of Medical Department as per Council Resolution No.26 (E-6) DT 19/12/2007 **(Annexure-III)**.

This is a proposal for administrative approval and expenditure sanction of the budgeted amount of Rs.300 Lacs for the procurement of Allopathic Medicines during the year 2012-13.

1. **Financial implication of the proposed project/subject**

Rs. 300 Lacs

1. **Implementation schedule with timeliness for each stage including internal processing.**

The supply order will be placed every quarters based on the rate of consumption of various drugs during the proceeding quarter. Normally one month time period is granted from the date of placing of the supply orders for making and completing the deliveries.

1. **Comments of the Finance Department on the subjects.**

Concurred vide endorsement No. 863/Finance dated 11.4.2012.

1. **Comments of the Department on the comments of Finance Department.**

Nil.

1. **Final views of Finance Department.**

Already concurred vide no.863/Finance dt. 11.4.2012.

1. **Legal implications of the subject**

Nil

1. **Details of previous Council Resolution, existing law of parliament and Assembly on the subject**.

Reso.No. 26 (E-06) dated 19.12.2007

Reso. No.10(E-03) dated 13.9.2012

1. **Comments of the Law Department on the subject/Project.**

Nil.

1. **Certification by the department that all Central Vigilance Commission (CVC) guidelines have been followed while processing the case.**

It is certified that all the CVC guidelines have been followed.

1. **Recommendations.**
	1. Administrative approval and expenditure sanction of Preliminary estimate of Rs.300 Lacs (Rupees Three Hundred Lacs only) for purchase of Allopathic Medicines during the year 2012-13.
	2. Approval to place supply orders every quarter based on requirement during the proceeding three months with a provision to place a supplementary order in between if the need so arises, to the firms under the approved rate contract.

**COUNCIL’S DECISION**

Resolved by the Council to accord administrative approval and expenditure sanction to preliminary estimate of `.300 Lacs for purchase of Allopathic Medicines during the year 2012-13.

It was further resolved by the Council to accord approval to place supply orders every quarter, based on requirement, during the preceding three months with a provision to place a supplementary order in between, if the need so arises, to the firms under the approved rate contract, which is valid till 12.09.2012.